

Message Text

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PAGE 01 LA PAZ 07533 142123Z

62

ACTION EB-11

INFO OCT-01 ARA-16 EUR-25 ISO-00 AID-20 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 SPC-03

STR-08 TRSE-00 LAB-06 SIL-01 OMB-01 AGR-20 L-03 IO-14

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FM AMEMBASSY LA PAZ

TO SECSTATE WASHBC 1743

INFO US MISSION EC BRUSSELS

AMEMBASSY BUENOS AIRES

UNCLAS LA PAZ 7533

E.O. 11652: N/A

TAGS: EAID, BL

SUBJ: EC FOOD AID TO BOLIVIA

REFS: (A) STATE 240302; (B) LA PAZ 7403; (C) LA PAZ A-251

1. REPLYING TO THREE POINTS REFTEL A EMBASSY NOTES:

A. LOGISTICS WOULD BE PROBLEM FOR SHIPMENT OF HIGHER UMR
DEPENDING ON WHEN AND FROM WHERE WHEAT ARRIVES. TRANSPORTATION
PROBLEM MOST SEVERE THIS YEAR: FOR INSTANCE WHEN PL-480 SHIPMENTS
BUNCHED UP IN OCTOBER AND NOVEMBER COINCIDENTAL WITH DISRUPTIONS IN
CHILE AND PERU. HISTORICALLY BOLIVIA'S MOST ECONOMIC SUPPLIER IS
ARGENTINA WHICH MOVES FLOUR OVERLAND AS WELL AS BY SEA
BUT GOB OFFICIALS ARE PESSIMISTIC
ABOUT PROSPECTS OF OBTAINING IN 1974 MORE THAN 20,000 TO 25,000 M.T.
WHICH NOW LEFT OVER FROM BILATERAL AGREEMENT SIGNED IN OCTOBER. THUS.
LARGER AMOUNTS CAN BE EXPECTED TO ARRIVE THROUGH PORTS WITH ATTENDANT
DIFFICULTIES.

B. NO ONE AVAILABLE IN GOB WILL CONFIRM THAT GOVERNMENT ACCEPTED
UMR OF 145,000 M.T. MININD/COM IN CHARGE OF WHEAT IMPORTS STATES
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PAGE 02 LA PAZ 07533 142123Z

THAT IT GAVE FOREIGN MINISTRY, WHICH DID EC NEGOTIATIONS, SAME

COMMERCIAL IMPORT PROJECTION GIVEN US (SEE REFAIR C), THAT IS 114,000 M.T. WE DOUBT BOLIVIAN OFFICIALS FAMILIAR WITH WHEAT SITUATION WOULD HAVE MADE SUCH A HIGH COMMITMENT BUT CAN IMAGINE THAT BOLIVIAN NEGOTIATORS EITHER BADLY INFORMED OR AGREED ON FIGURE IN ANXIETY TO CLOSE DEAL.

3. EMBASSY CALCULATES THAT 145,000 M.T. PROPOSED BY EC WOULD FULFILL FIFTY-FIVE PERCENT OF BOLIVIAN 1974 WHEAT IMPORT NEEDS AND 137,930 M.T. FIFTY-TWO PERCENT. WE ARE CONCERNED, OF COURSE, ABOUT EFFECT HIGHER UMR ON GOB FISCAL POSITION. GOB MAY ALSO RUN UP AGAINST SERIOUS PROBLEMS ASSURING SMOOTH WHEAT SUPPLY IN VIEW TIGHT WORLD MARKET AND SHIPPING SITUATION AGGRAVATED BY PORT PROBLEM OVER WHICH GOB DOES NOT HAVE COMPLETE CONTROL.

2. EMBASSY VIEWS BASED ON DATA (REFAIR C) COLLECTED LOCALLY WHICH AS NOTED REFTEL B DIFFERS SIGNIFICANTLY FROM INTERNATIONAL WHEAT COUNCIL'S FIGURES USED BY EC. ARGENTINE EMBASSY LA PAZ HAS NO RPT NO OFFICIAL DATA ON CY ARGENTINE SHIPMENT, WHERE DIFFERENCES ESPECIALLY GREAT (NOTED REFTEL B). IN EARLY PART OF YEAR ARGENTINE WHEAT PRICES LOWER THAN BOLIVIAN AND THIS MAY HAVE STIMULATED CONTRABAND UNRECORDED BY BOLIVIAN GOVERNMENT ALTHOUGH GOB DOES KNOW OF SOME 23,000 M.T. OF "IRREGULAR" IMPORTS AS REPORTED REF C, BUT PRICE RELATIONSHIP NOW REVERSED AND ILLEGAL FLOWS, IF ANYTHING HAVE IN RECENT MONTHS BEEN GOING IN OPPOSITE DIRECTION DESPITE GOB EFFORTS.

THUS, WE KNOW OF NO REASON WHY THERE SHOULD BE SUCH A LARGE DIFFERENCE

BETWEEN WHEAT COUNCIL'S RECENT ARGENTINE SHIPMENT FIGURES AND THOSE OF GOB

3. ACTION REQUESTED: DEPARTMENT OBTAIN DATA ON BOLIVIAN WHEAT IMPORTS FROM ARGENTINA FROM AMEMBASSY BUENOS AIRES FAO, ARGENTINE EMBASSY WASHINGTON OR WHEAT COUNCIL ITSELF.
STEDMAN

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